

# DHSS Moves Medicaid Managed Care Contracts to Value-Based Purchasing to Accelerate Health Care Delivery Reforms

Delaware's health care delivery system, Department of Health and Social Services (DHSS) Secretary Dr. Kara Odom Walker announced today that DHSS has entered into a value-based purchasing care initiative through contracts in its Medicaid Managed Care Program. This initiative applies to all managed care



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e organizations participating in the Delaware Medicaid program.

Beyond accelerating reforms, Secretary Walker said the purpose of the agreement is to transition the system away from traditional fee-for-service, volume-based care to a system that focuses on rewarding and incentivizing improved patient outcomes, value, quality improvements and reduced expenditures. DHSS seeks to align the incentives of the managed care organizations, providers and members through

innovative value-based strategies.

“Through this historic initiative, we will reward our Medicaid managed care partners for embracing innovation and for providing our clients with high-quality care that focuses on improved outcomes and reduced expenditures,” Secretary Walker said. “Rather than paying solely for volume of care – hospital stays, tests and procedures, regardless of outcomes – we will pay for achieving optimal health for our Medicaid clients and give our MCO partners flexibility in meeting that goal.”

Steve Groff, director of DHSS’ Division of Medicaid and Medical Assistance (DMMA) said the initiative has a two-part approach: quality performance measures and value-based purchasing strategies. Through quality performance measures, Medicaid will select measures that relate to the following: quality, access, utilization, long-term services and supports, provider participation, spending and/or member/provider satisfaction, Groff said. Key measures build on the Common Scorecard created in collaboration with the Statewide Innovation Model (SIM) Award and through the Delaware Center for Health Innovation’s work. In the three years of this contract, seven key measures will be monitored including management of diabetes cases, asthma management, cervical cancer screening, breast cancer screening, obesity management, timeliness of prenatal care and 30-day hospital readmission rates.

These measures also will be tied to desired performance levels, with potential penalties being imposed if performance levels are not achieved. Through the value-based purchasing strategies, the managed care organizations will be required to implement provider payment and contracting strategies that

promote value over volume and reach minimum payment threshold levels. If minimum threshold levels are not met, potential penalties could be imposed. The changes are subject to approval by the Centers for Medicare and Medicaid Services.

About 200,000 of the current 225,000 Medicaid clients in Delaware are served by Medicaid's two managed care organizations, Highmark Health Options Blue Cross Blue Shield Delaware and AmeriHealth Caritas Delaware.

Secretary Walker said the value-based purchasing initiative within Medicaid's Managed Care Program is another step forward in embracing Governor John Carney's goal of lowering health care costs while improving patient outcomes. In last week's State of the State, the Governor said we are spending too much money on health care and not getting the best results. He said now is the time to change the way we deliver health care.

In 2014, Delaware's per capita health care costs were more than 27 percent above the U.S. average, ranking the state third-highest in the country, behind only Alaska and Massachusetts. The Centers for Medicare and Medicaid Services ([CMS](#)) [analysis](#) of all insurance payers – Medicaid, Medicare and private – found per-capita spending in Delaware was \$10,254. Without changes, the analysis estimates Delaware's total health care spending will more than double from \$9.5 billion in 2014 to \$21.5 billion in 2025. While Delaware ranks high in terms of health care spending, the state ranks in the bottom half – No. 30 – for overall health, according to the 2017 [America's Health Rankings](#).

To learn more about the work in Delaware to slow the growth of health care spending while improving the overall health of Delawareans, go to [ChooseHealthDE.com](http://ChooseHealthDE.com)

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